United Nations Conference on Trade and Development

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The meeting was called to order at 3.25 p.m.

OPENING OF THE SESSION

1. The PRESIDENT declared open the thirteenth session of the Board. He thanked all delegations, the officers of the Board and the secretariat for their co-operation during his period of office, when international negotiations had reached an extremely complex stage.

2. A number of important events which had taken place during the past year in the negotiations on the establishment of the new international economic order were closely related to the Board's tasks and responsibilities. Those events, however, results had failed to come up to expectations and there was continued dissatisfaction among the developing countries, and among some industrialized countries which had a particularly good understanding of the problems of the third world.

3. There had, in particular, been two gatherings of capital importance for the Board's future work: the first had been the fifth session of the Conference, held at Manila, where a particularly warm welcome had been extended by the Philippine Government and people. In its decisions and recommendations, the Conference had outlined a number of activities on which work must be done and which required all Governments to shoulder their responsibilities. Recently, the sixth Conference of Heads of State or Government of Non-aligned Countries had taken place in Havana, where the non-aligned and other developing countries had demonstrated the political will to strengthen their unity and their collective bargaining power with a view to bringing about a genuine restructuring of international economic relations.

4. The decisions adopted at those two Conferences already appeared to have produced results in relation to action to be taken in negotiations within UNCTAD and elsewhere. Attention should nevertheless be drawn to the scepticism evident in certain quarters: there was, of course, no question of being over-optimistic, and many developing countries had little reason for over-optimism. But the scepticism of other countries appeared to be indicative of a negative attitude rather than the cautious and serious-minded attitude necessary in the light of the decisions to be taken.

5. It should be pointed out that everyone recognized the seriousness of the crisis which the world economy was experiencing and which was not of a cyclical nature but stemmed from structural and fundamental imbalances. It was also quite clear that the institutional framework adopted during the 1940s no longer met international economic realities and that the new international community called for new structures.

6. Since the political, economic and technological configuration of the world of the 1980s would differ substantially from that of preceding decades, there was an urgent need to redefine the rules so that the world economy could again function in an efficient and balanced manner and become beneficial for all.

7. In that connexion, consideration should be given to the "global" concept which had frequently been mentioned in recent discussions. That concept, as applied to the proposed negotiations on international economic co-operation for development, clearly referred to their world-wide and democratic character, in other words, the participation of all countries on equal terms in order that international economic relations might become more just and more equitable, and action-oriented in well-defined fields, in accordance with an overall approach.

9. It was clear from that global consultations on structural changes had a universal and democratic character, but that special attention should be given, in that connexion, to policies relating to trade, development, and monetary and financial questions, in order to make them relevant and to ensure that their short-term instruments facilitated the long-term restructuring of the world economy with the genuine participation of the developing countries in the relevant decisions. The question of the "interdependence" - whether it was followed in certain quarters - of those problems had been on the Board's agenda since the third session of the Conference, but had not yet been defined in a sufficiently universal manner. However, the interdependence of the industrialized and developing countries was becoming increasingly evident, despite the dependent relationship which still prevailed between them.

10. It was clear that the developing countries could not make progress without the growth of the developed countries, but it was equally true that the latter countries' potential for continued growth depended, to a considerable extent, on the progress of the developing countries. Furthermore, the progress of the developed countries, by stimulating their demand for imports, was an essential condition for a significant reduction of the inflationary pressures which were one of the major obstacles to the development of the economy in the central countries.

11. There was therefore an urgent need to work with an open mind and with determination in order to devise mutually advantageous policies in a new international economic order, the establishment of which would not only benefit the developing countries, but would also inevitably promote the balanced growth of the developed countries.

12. Mr. ATTAR (India), speaking on behalf of the Group of 77, supported by Mr. [illegible] (Union of Soviet Socialist Republics), speaking on behalf of Group D, and by Mr. [illegible] (Italy), speaking on behalf of Group B, paid a tribute to the President's [illegible], wisdom and [illegible] and congratulated him on his outstanding leadership of the Board during the special period before the fifth session of the Conference.

AGENDA ITEM 4 (Item 4 of the provisional agenda)

(a) ELECTION OF OFFICERS

Election of the President

13. The PRESIDENT invited the Board, pursuant to rule 18 of the rules of procedure, to elect the President for the nineteenth session from among the representatives of the countries mentioned in list B in the annex to General Assembly resolution 1995 (XIX), in accordance with the rotation provided for in rule 19, paragraph 2, of the rules of procedure and the annex to those rules.

14. Mr. [illegible] (Italy), speaking on behalf of Group B, nominated Mr. Farmer (New Zealand) for the office of President.

15. Mr. ATTAR (India), speaking on behalf of the Group of 77, and Mr. [illegible] (Union of Soviet Socialist Republics), speaking on behalf of Group D, supported the nomination.

15. Mr. Farmer (New Zealand) was elected President by acclamation and took the Chair.

Election of the Rapporteur

16. The PRESIDENT reminded members that the Rapporteur must be elected from among the representatives of the African States.

17. Mr. KUMAR (India), speaking on behalf of the Group of 77, nominated Mr. Mokaddem (Tunisia) for the office of Rapporteur.

18. Mr. JAINI (Italy), speaking on behalf of Group B, and Mr. PANKIN (Union of Soviet Socialist Republics), speaking on behalf of Group D, supported the nomination.

19. Mr. Mokaddem (Tunisia) was elected Rapporteur by acclamation.

INTRODUCTORY STATEMENT BY THE SECRETARY-GENERAL OF UNCTAD

20. Mr. COREA (Secretary-General of UNCTAD) said that the nineteenth session of the Board was of unusual importance, for more than one reason. In the first place, it was the first meeting of the Board since the fifth session of the Conference; and secondly, it was taking place at a time when many vital issues were under active consideration, in the context of both the preparations for the new International Development Strategy and the proposal for a new round of global negotiations put forward by the Sixth Conference of Heads of State or Government of Non-Aligned Countries and subsequently by the Group of 77. Since he had already assessed the results of the fifth session of the Conference before the General Assembly, the Committee of the Whole and the Economic and Social Council, he would focus on the tasks facing UNCTAD.

21. Those tasks fell into three categories. It was necessary, firstly, to finish the work begun at Nairobi by concluding the negotiations launched at that session of the Conference; secondly, to carry out the new mandates given to UNCTAD at the fifth session of the Conference; and thirdly, to resume and complete the unfinished business arising out of Manila, where many issues had been referred to the Board.

22. The slow tempo of the post-Nairobi negotiations had often been criticized. It must be stated, however, that whilst the will of governments was crucial, the slow tempo was also due in part to the complexity and number of the issues involved. Nevertheless, given a resolution on the part of governments to make progress, it would seem that the most difficult work had been done and that the negotiations could be brought to a successful conclusion without too much delay.

23. First of all, the negotiations on the establishment of the Common Fund had to be finished. The Interim Committee had already achieved good results, but a further effort would be needed to establish a sound Common Fund, which would be a concrete manifestation of international co-operation for development.

24. Secondly, more rapid progress had to be made in the field of commodity agreements. The successful conclusion of the negotiations on rubber had set a good example. That was the first agreement embracing a new commodity to materialize since the inauguration of the Integrated Programme for Commodities. Given the disappointing results of the attempts made, over the years, to arrive at commodity agreements, the results of the Rubber Conference were particularly encouraging. While the success of the negotiations on the Common Fund would

undoubtedly facilitate such agreements, it was for governments to commit themselves to extend the range of commodities which could be the subject of agreements in the near future. Without such a commitment, progress in negotiating individual commodity agreements would be slow.

35. Work had also to be completed on the International Code of Conduct on the Transfer of Technology. Some of the basic issues had not yet been settled, and governments should address themselves to ways of reconciling their differences, perhaps before the convention of the negotiating conference.

36. Finally, it was important to bring to a successful conclusion the negotiations that had been authorized on rules and principles to govern restrictive business practices. Work had begun in preparation for the negotiation of a code on international multimodal transport. All the instruments and agreements currently being negotiated should be concluded as quickly as possible, since they would be beneficial to the entire international community. Progress in the negotiations would go far to strengthen confidence in UNCTAD as a negotiating forum, in the United Nations system itself and in the principle of international co-operation for development. It was important, therefore, for UNCTAD to give priority in its programme to accomplishing the work begun in that direction.

37. The second of the major tasks facing UNCTAD concerned the new mandates assigned to it by the Conference at its fifth session. The Conference had sought to extend the negotiating process launched at Nairobi, and the agenda for its fifth session had been planned with that end in view. While, admittedly, the fifth session had produced results that were both positive and negative, the positive results enabled new mandates for UNCTAD that fell into two categories. The first related to action involving negotiations or consultations within the intergovernmental mechanisms of UNCTAD, and the second related to innovative action programmes.

38. Intergovernmental action extended to three issues, namely, the structure of world commodity trade, protectionism, and monetary and financial questions.

39. In respect of the first issue, the Conference had adopted by consensus a resolution calling on UNCTAD to seek towards a framework of international co-operation pertaining to the processing, marketing and distribution of commodities. Thus far, UNCTAD had been mainly concerned with the stabilization of markets. The resolution invited it to turn to the structural aspects of the commodity economy. The marketing and distribution of commodities involved many fundamental issues, including the role of the transnational corporations. The processing of commodities also involved fundamental issues touching on access to markets and protectionism. By becoming involved in that area, UNCTAD would be breaking new ground and taking new initiatives. The secretariat, for its part, would pursue the studies necessary to make intergovernmental negotiation and consultation as fruitful as possible.

40. On the subject of commodities, reference should also be made to the resolution on compensatory financing, whereby the Conference had requested that a study should be undertaken of such financing within the framework of the Integrated Programme. The Development Committee of the World Bank and the International Monetary Fund (IMF) had just taken a decision which was of relevance

to the work of UNCTAD in that area. In the light of the steps already taken by IMF, it had decided to return to the problem of further extensions of compensatory financing at the end of a year and to consider it with due regard to the state of the negotiations in UNCTAD on the Common Fund and to the study to be undertaken by UNCTAD. IMF had been asked to extend its full technical co-operation in respect of that study and he was thus very pleased at that decision which gave a new importance to the UNCTAD study.

31. Protectionism would also form the subject of a negotiating process. The Conference had shown some reluctance to deal with specific proposals that had already been covered by the multilateral trade negotiations or were still in progress. Nevertheless, it had announced itself in favour of the more fundamental aspects of protectionism and structural adjustment, and had adopted, by consensus, a decision which asked UNCTAD to make a broader review of the problems and to formulate recommendations on the general question of protectionism. That resolution could be a very challenging mandate for UNCTAD and its intergovernmental bodies, as protectionism was intimately linked with many problems such as the evolution of the world trading system, given the industrialization of the developing countries, the continued development of the socialist countries, and the dynamics of change and adaptation in the developed market-economy countries. The question was whether the trading structures set up after the Second World War were adequate for the contemporary economy. It would have to be decided whether those structures should be retained or, possibly, what additional ones might be introduced to meet the changes that had occurred. It was particularly significant that the problems of protectionism and structural adjustment had been brought together by the Conference within the ambit of a single resolution, because they clearly had to be considered together in the search for viable solutions.

32. In the area of money and finance, the Conference had taken two important decisions, one accepted by consensus, relating to the transfer of real resources to developing countries, and the other, accepted by a vote, relating to the reform of the international monetary system. The latter called for the establishment of an intergovernmental group to deal with certain fundamental aspects of the reform, particularly in the context of the needs of trade and development. That would give Governments the opportunity to look at some of the major long-term issues relevant to the evolution of the international monetary system, rather than specific issues which were already under consideration in IMF. By looking at the long-term issues, UNCTAD would be able to make a constructive contribution to the discussion of various aspects of international monetary reform in the setting of its relationship to trade and development, as a sound trading system would hardly prove possible in the absence of a sound monetary system. It was in that spirit that Governments might approach the work of the intergovernmental group.

33. The action programmes or work programmes which made up the second part of the new mandate resulting from the fifth session of the Conference related to four questions: the least developed countries, technology, shipping, and economic co-operation between developing countries.

34. With respect to the least developed countries, the Conference had launched an imaginative programme which entailed the convening of a world conference. UNCTAD had been able to play a leading role in dealing with those problems and would have to maintain its momentum in that area and to translate into concrete action the many proposals and themes that had been put forward at Manila. This was also true of the decisions taken in respect of land-locked countries and island countries.

35. The Conference had adopted a resolution on technological transformation which assigned to UNCTAD a major work programme that it would have to implement with the utmost seriousness.

36. The Conference had taken decisions on shipping and in particular on the problem of bulk cargoes. UNCTAD now been requested to convene a group of experts on flags of convenience, which it hoped to do in the near future.

37. The Conference had also devoted attention to economic co-operation among developing countries, which had formed the subject of one of its major decisions. It had endorsed the need for UNCTAD to convene regional and interregional meetings of developing countries in order to give real content to the concept of economic co-operation among developing countries. UNCTAD fully intended to play the pivotal role that had been assigned to it and to afford the maximum encouragement to such co-operation, which had been emphasized at gatherings of developing countries.

38. The Board would also have to take up the issues on which no decisions had been reached at the fifth session of the Conference, and in particular: trade between countries with different economic and social systems, indebtedness, financial co-operation, trade in manufactures, and the multilateral trade negotiations. Discussions had not reached the same stage on all those issues. In some cases, such as indebtedness, a consensus did not appear to be far away. In others, much still remained to be done before concrete decisions could be reached. In particular, special emphasis needed to be given to the issue of trade between countries with different economic and social systems, which had already been the subject of decisions taken at the fourth session of the Conference and endorsed at the fifth session. If progress was to be made in that field, there was a need for understanding and a fresh, imaginative approach on all sides.

39. The most significant issues which the Conference had been unable to settle at its fifth session, and which were left to the Board to deal with, were those of interdependence and structural change. It had appeared, however, that a consensus was emerging on the operational part of a draft resolution requesting the UNCTAD secretariat to set up a mechanism of global consultations, assisted by a high-level group of experts, to deal with issues relating to interdependence and structural change. Unfortunately, it had not been possible to reach agreement on the preamble; he hoped that the Board would take a positive decision regarding the proposal to set up a continuing mechanism to deal with the global issues and authorize UNCTAD to prepare for that topic as a regular event in the calendar of meetings. That proposal did not conflict with, nor should it be confused with, the proposal for a new round of global negotiations on issues pertaining to development.

40. The global consultations envisaged in UNCTAD would involve the setting up of a regular procedure, not a negotiating activity intended to arrive at final conclusions, settling matters that had been the subject of discussion within the international community. The consultations would provide an opportunity to review the evolution of the international economic situation from the points of view of the various groups of countries concerned - the developing countries, the socialist countries and the developed market economy countries. Such a review, preceded by a thorough documentation of trends and by advice from

high-level technical experts, would fill a current need, since the Board's heavy agenda would not permit of the issue of interdependence, for example, being dealt with in any great depth. The results of the consultations in UNCTAD, the different views expressed and the studies that had been made, would serve as a valuable input to discussions in all fora, including the global negotiations that had been proposed.

41. UNCTAD had also a very important contribution to make to the preparatory work on the formulation of an international strategy for development in the third United Nations Development Decade. The Preparatory Committee on the International Strategy had requested the Trade and Development Board to make UNCTAD's contribution to the new strategy available to the Committee at its forthcoming session in early 1980. Without wishing to prejudge the form which the strategy would take, he believed that it would outline the goals which the international community would need to adopt and pursue over the third Decade and that it would extract from those goals what might be called a negotiating content, that would involve the setting up of machinery for future negotiations. The setting up of such machinery and the establishment of a schedule for future negotiations within the framework of the strategy would be of great relevance to UNCTAD itself.

42. It was his understanding that the proposals relating to global negotiations would be launched after the adoption of the strategy and would be seen as an approach to implementing the elements of the strategy. It was too early to say how the global negotiations would be structured, but it had been emphasized by the Group of 77 and the Non-Aligned Countries - a view that had been shared by all concerned - that those forthcoming global negotiations would not only not delay, but would rather facilitate current work and negotiations. UNCTAD should therefore prepare to make the decisive contribution expected of it to the new strategy and the future global negotiations, not only as a secretariat but also as an intergovernmental body.

43. The global negotiations were to be linked up with a number of issues including the problem of energy, a problem that itself had many facets, including those relating to the international monetary and financial system, in which UNCTAD's work could prove to be of value.

44. With respect to the role and efficacy of UNCTAD, the Conference had already adopted a resolution on that subject at its fourth session. Unfortunately, progress in improving UNCTAD as an organization, in restructuring its institutions and in rationalizing its work had not proved to be as rapid as had been hoped. The Conference had, at its fifth session, adopted a more far-reaching resolution, calling for the establishment of an ad hoc intergovernmental committee for rationalization of the machinery of UNCTAD. The UNCTAD secretariat in general, and he personally, attached great importance to the work of that committee and would lend it all support and assistance. It was accepted by all that UNCTAD had to be adapted to contribute in the period ahead to the resolution of the critical issues facing the international community in all areas within its competence, and if the restructuring was based on that premise, decisive progress could be made.

45. The nineteenth session of the Board had been convened against the background of an international economic crisis, affecting in particular the developing countries. There was no easy solution to the problems facing the international economy and it would be too optimistic to hope for a spontaneous upturn in the cycle of economic activity; those problems were of a fundamental character and

required basic solutions. The more widely that was understood, the more important and effective would be the work of UNCTAD in meeting the needs of the international community in the period ahead. Universal appreciation of the part to be played by UNCTAD would help the organization to discharge successfully the mandates and responsibilities entrusted to it at Manila. Hence the particular importance of the Board's current session.

PROCEDURAL MATTERS (item 3 of the provisional agenda)

(a) ADOPTION OF THE AGENDA AND ORGANIZATION OF THE WORK OF THE SESSION (TD/B/746 and Add.1 and 2)

46. The PRESIDENT suggested that the Board should delete item 12 of the provisional agenda (UNCTAD programme budget for the biennium 1990-1991: report of the Working Party) in the light of the decision to postpone the meeting of the Working Party and to deal with the question under "Other business" or when reviewing the calendar of meetings.

47. He also suggested that item 14 (UNCTAD medium-term plan 1992-1995: report of the Working Party) should be deleted since the General Assembly had recently decided that the Board should meet twice a year, the question would be included in the agenda for the Board's twentieth session.

48. It was so decided.

49. The provisional agenda, as amended, was adopted.

50. The PRESIDENT drew the attention of the Board to the secretariat's proposals concerning the organization of the work of the session and, in particular, the establishment of two sessional committees and a Contact Group of the President, and the allocation of agenda items to those bodies (TD/746/Add.2).

51. If there was no objection, he would take it that the Board endorsed the secretariat's suggestions concerning the organization of the work of the session.

52. It was so decided.

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS (agenda item 11)

(a) TREATMENT OF NEW STATES MEMBERS OF UNCTAD FOR PURPOSES OF ELECTIONS

53. The PRESIDENT welcomed Saint Lucia as a member of UNCTAD.

54. In accordance with established practice, the Board might wish to decide, pending action by the Conference at its sixth session, to associate Saint Lucia with the States in list C in the annex to General Assembly resolution 1995 (XIX), as amended.

55. It was so decided.

(b) ANNOUNCEMENT OF ANY CHANGES IN THE MEMBERSHIP OF THE BOARD AND ELECTION TO MEMBERSHIP OF MAIN COMMITTEES

56. The PRESIDENT said that Burundi had informed the Secretary-General of UNCTAD that it wished to become a member of the Board. If there was no objection, he would take it that Burundi would become a member of the Board.

57. It was so decided.

58. The PRESIDENT reminded the Board that there was no need for States which were already members of the main Committees to confirm their wish to remain on those Committees. He suggested that any changes should be communicated in writing by 6 p.m. on Friday, 12 October 1979.

59. It was so decided.

The meeting rose at 6.20 p.m.